

Loudoun County Department of Planning

**Route 28 Keynote Employment Policies Comprehensive Plan Amendment
CPAM 2009-0001**

Economic Development in the Route 28 Corridor

Discussion Paper 1 of 6

March 16, 2010



Introduction

On February 3, 2009, the Board of Supervisors initiated a Comprehensive Plan Amendment, CPAM 2009-0001 Route 28 Keynote Employment Policies, to consider retaining or changing Revised General Plan Keynote Employment land use policies for a specified area within the Route 28 Corridor. On December 15, 2009, the Board of Supervisors approved a workplan for the CPAM that builds upon the significant amount of data and public input gathered through the various Route 28 Corridor activities and initiatives since January 2008. These include the Belfort Park Task Force efforts, the Route 28 Existing Conditions Report, the Route 28 Business Outreach Project, and the Route 28 Market Study. All documents related to the CPAM, including numerous maps of the Route 28 Corridor, are available at www.loudoun.gov/route28.

Phase I of the workplan calls for active participation of Route 28 Stakeholders as work products are developed. To this end, a series of Discussion Papers have been developed on identified topic areas:

- [Economic Development in the Route 28 Corridor](#)
- [Potential Fiscal Impacts to Loudoun County](#)
- [Potential Fiscal Impacts to the Route 28 Tax District](#)
- [Potential Impacts to the Route 28 Corridor Transportation Network](#)
- [Housing in the Route 28 Corridor](#)
- [Energy Efficiency and Green Building in the Route 28 Corridor](#)

Purpose of Discussion Papers

The discussion papers are not intended to be an exhaustive discussion of the topic nor present final conclusions. They are intended to help establish the framework for stakeholder discussions at the upcoming facilitated workshops. Each paper provides a general background on the topic area, describes three general land use concepts that explore development patterns that may be desirable in the corridor, and discusses the advantages and disadvantages associated with each concept. A listing of likely pros and cons for each concept is also included. Although the paper can be viewed as a stand-alone document, a reading of all the discussion papers will provide a more thorough understanding of policy options and stakeholder concerns regarding the Route 28 Corridor. Additional background data and policy or implementation options may be developed and/or refined based on Stakeholder input as the Comprehensive Plan Amendment proceeds.

Background Discussion

Recognizing the critical relationship of development and service demands, Loudoun County has sought to offset the negative fiscal impacts of residential development by encouraging a fiscally favorable balance between residential and non-residential development. To this end, the County has implemented an integrated approach to land use planning, fiscal management and facilities planning. The strategy



begins with the Revised General Plan, which sets the framework for the development potential of the County.

The Route 28 Corridor has long been envisioned to develop as a major employment center in Loudoun County due to its location, transportation network and proximity to the Washington Dulles International Airport. Despite these many advantages, there is growing concern that the corridor has not yet developed consistent with the County's vision and underdevelopment might be limiting the County's potential to generate even greater tax revenues and increase the percentage of the County's tax base from commercial development. Much of the Route 28 Corridor has developed at an average of 0.24 Floor Area Ratio (FAR)¹, consistent with a surface-parked 1 and 2-story development pattern, well below the 0.4 to 1.0 range that the Revised General Plan envisions for the corridor through the Keynote Employment designation. Additionally, much of the existing development in the corridor reflects its existing zoning which supports a majority of by-right industrial, flex industrial, and lower density office uses rather than large-scale corporate headquarters, premiere office developments, research-and-development centers, and secure campuses that are promoted by County policies².

The reasons for this were explored in previous County efforts and range from the lack of a mature Class A office market; development that reflects the underlying, by-right industrial zoning; the number of small parcels in the corridor; outdated and inconsistent land use policies (particularly the Keynote Employment and Destination Retail designations); and an unpredictable development review process³. In 2009, the County commissioned a market study to assess the corridor's potential for Class A office space under current zoning and planned uses and to recommend alternatives that would maximize the commercial development potential of the overall corridor. The results and recommendations of this study are described below in the Public Input section of this discussion paper.

Loudoun County could achieve significant commercial development in the Route 28 Corridor. In addition to the approximately 3,100 acres of land that remain undeveloped along the corridor, there is potential for aging, underutilized properties to redevelop in the future (see figures below)⁴. This potential will be enhanced by the maturing office market in Loudoun County, the planned extension of metrorail, completion of long-planned road improvements, increased north-south transit, a critical mass

¹ Floor Area Ratio is the total building square footage (building area) divided by the site size square footage (site area).

² According to an 2008 analysis of the occupancy codes determined by the County Assessor's Office, the predominant use of developed land within the Tax District is industrial, representing approximately 17% of the land area, followed by miscellaneous commercial and improvements (13%), office (10%), retail/commercial services (10%), civic and institutional uses (6%), and residential (5%). Approximately 3,140 acres, or 39% of the District, is classified as vacant land (*Route 28 Tax District Existing Conditions Report*, November 26, 2008, pg. 17).

³ See *Route 28 Tax District Existing Conditions Report*, November 26, 2008 and *Route 28 Business Outreach Project Results Report*, both available at www.loudoun.gov/Route28

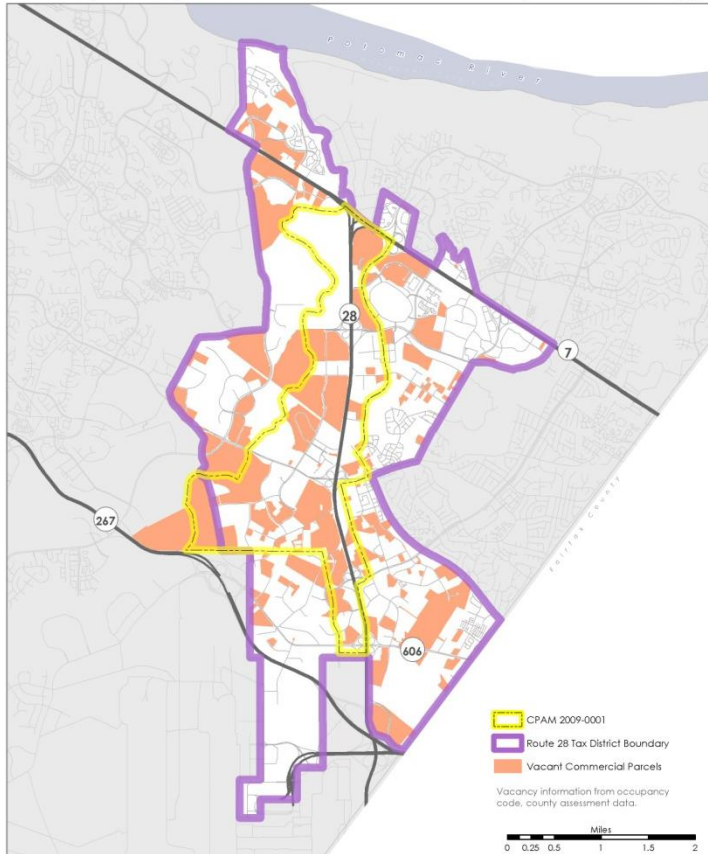
⁴ The Vacant Commercial Property map was derived from 2010 occupancy data from the Office of the County Assessor. The Kincora property shows as being occupied due to the utility substation present on that property. Additionally, the property southeast of the Route 7/Route 28 interchange, being developed with the headquarters of the National Rural Utilities Cooperative Finance Corporation (CFC), is still shown as vacant.



of retail and other supportive uses, and existing and future amenities like the Broad Run trail, the 1757 Golf Club, etc.

Vacant Commercial Property 2010

Route 28 Keynote Employment Policies Comprehensive Plan Amendment (CPAM 2009-0001)

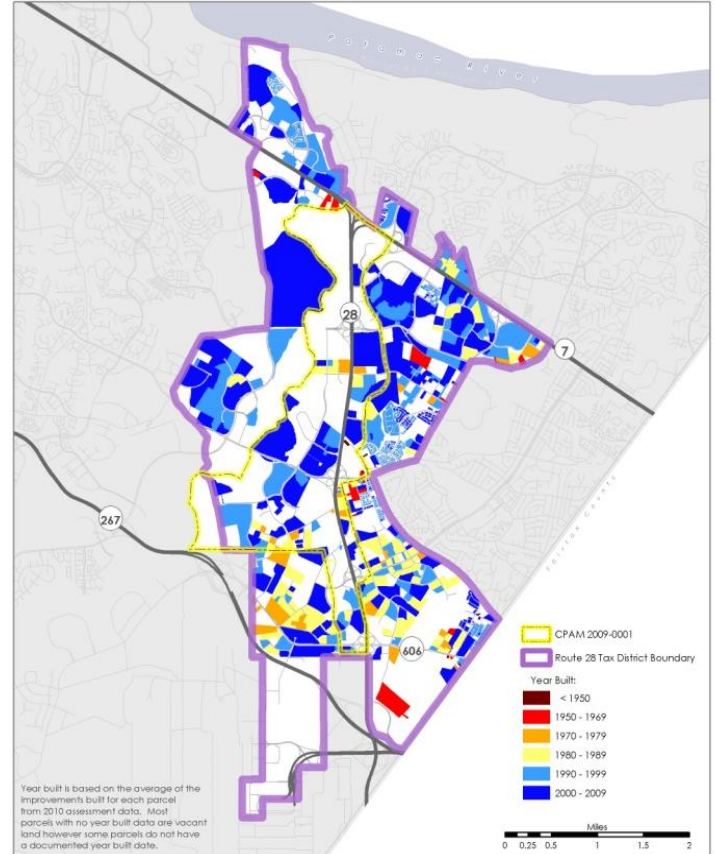


Loudoun County Department of Planning
Loudoun County Office of the Assessor
Loudoun County Office of Mapping and Geographic Information

Date Mapped 3.11.2010
Map Number 2010-045

Year Built

Route 28 Keynote Employment Policies Comprehensive Plan Amendment (CPAM 2009-0001)



Year built is based on the average of the improvements built for each parcel from 2010 assessment data. Most parcels with no year built data are vacant land however some parcels do not have a documented year built date.

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Loudoun County Office of Mapping and Geographic Information

Date Mapped 3.11.2010
Map Number 2010-046

Any changes to existing land use policies in the Route 28 Corridor should, first and foremost, be aimed at maximizing its competitive advantage, creating more opportunities and incentives for high-quality office settings and high value uses⁵, promoting appropriate supportive uses that will help generate demand for office development in the corridor, and creating more job opportunities and improving the quality of life for Loudoun residents. Consideration should be given to taking advantage of the national and international business opportunities derived from the Washington Dulles International Airport (for example, the creation of an aerotropolis; see Box 1), while at the same time ensuring the continued growth and expansion of this vitally important economic development asset.

⁵ Within the Route 28 Tax District, high-density office (defined in this paper as 4 to 7 stories) has the highest average assessed value per square foot, followed by retail and low-density office (1 to 3 stories). See Table 1 in the *Potential Fiscal Impacts to Loudoun County* Discussion Paper 2.



According to the Loudoun County Department of Economic Development, the County has high concentrations of businesses, compared to national levels, in important industry clusters such as information communications technology (ICT) and federal government contractors (FGC) including aerospace contractors; and aviation/airport-related. In addition to continued strength in the industry clusters described above, other areas of emerging strength with the potential for future expansion include life sciences and international companies, particularly European-based businesses, of all types⁶. The Route 28 corridor has many advantages that uniquely position it to absorb these and other types of businesses.

Current market conditions in Loudoun County are generally not supporting substantial additional office development at this time and this trend is likely to continue for several years. County-wide monthly economic indicators found that in 2009, the non-residential square footage permitted by the County declined to 1.9 million, from over 5 million square feet the year before⁷. Developed properties in the County also saw vacancy rates of 17% for office uses, 20% for flex-industrial uses, and 13% for industrial uses for the Fourth Quarter of 2009, generally reflecting the national economic downturn.⁸ Properties within the Route 28 Tax District in both Loudoun County and Fairfax County declined in assessed values from 2008 to 2010 (see Table 2 in Discussion Paper #3, *Potential Fiscal Impacts to the Route 28 Tax District*).

Box 1. Aerotropolis

One concept discussed during the Route 28 Business Outreach Project was the notion of the aerotropolis, a planning model that features the airport as the central node and focus of a larger geographical planning area. The aerotropolis model links the airport with business, industrial, hotel, retail and mixed-use nodes along the roadway and transit corridors that extend from the airport. The aerotropolis planning model also takes advantage of the area's proximity to the airport in order to capture airport-dependent and airport-related businesses into the corridor. Loudoun County planning staff looked briefly at three aerotropolis models in the U.S. – Dallas/Forth Worth, Detroit, and Memphis - noticed certain attributes that are common to all three: (1) They are all located in areas that give businesses quick and efficient access to an existing and planned transportation network – i.e. air transport, an interstate network, transit, and freight rail; (2) They involved jurisdictional collaboration in the development of the aerotropolis plan; and (3) They all demonstrate significant cooperation and support from the private sector.

⁶ Loudoun County Department of Economic Development. *Cluster-Based Approach Benefits Existing & Prospective Businesses*. Available at: <http://biz.loudoun.gov/Home/HowCanWeHelp/IndustryClusters/tabid/76/Default.aspx>. Accessed March 15, 2010.

⁷ Loudoun County, Virginia – *Annual Demographic and Economic Trends*. February 2010. Available at: <http://biz.loudoun.gov/Home/FactsStatsandMaps/Publications/EconomicIndicators/tabid/192/Default.aspx>

⁸ Loudoun County Monthly Economic Indicators 4th Quarter 2009 data, compiled January 2010, CoStar.



Public Input (Route 28 Business Outreach Project, Belfort Park Task Force and Route 28 Market Study⁹)

The *Route 28 Business Outreach Project Results Report* highlight that Stakeholders support the corridor's importance to the County as an employment corridor, given its strategic advantages and the long-term potential to capture Class A office. Route 28 Stakeholders noted that the corridor is strategically positioned to attract economic development due to several advantages: proximity and investment to improved highway, air transport, and future mass transit networks for cost-efficient and timely distribution of goods and services, employee mobility, and greater workforce commuting options; proximity to a highly-educated, diverse workforce and affluent customer base; proximity to diverse housing types, good schools, and quality health care; and high visibility and accessibility for businesses. Stakeholders believe, however, that these advantages are being offset by the corridor's current land development pattern and competitive disadvantages with other corridors in the region. It was noted that properties within the corridor are not being appropriately planned or zoned and thus not developing to their highest and best use. Stakeholders attribute this to a number of factors:

- The market has yet to fully mature for Class A office;
- Development reflects zoning which supports a majority of by-right industrial development options;
- The Revised 1993 Zoning Ordinance does not include enough incentives to view conversion from the 1972 Zoning Ordinance as a viable trade-off;
- Small, unconsolidated parcels make it difficult for developers to come in with unified development proposals;
- The County's Destination Retail Overlay, which supports big-box retail, conflicts with the County's vision of attracting Class A office to the corridor; and
- The County's Keynote Employment land use designation does not allow for the kind of amenities necessary to recruit national and international businesses to the County.

Overall, the majority of stakeholders believe the County's land use plan for the corridor should reflect market potential.

Market Study:

The *Route 28 Corridor Analysis of Development Potential* by Fulton Research, Inc. (August 27, 2009) found that if existing land use policies and zoning regulations remain, the market potential for the study

⁹ During March and April, 2009, County staff conducted one-on-one interviews with Route 28 Corridor stakeholders to obtain their perceptions of the corridor, its current state of development, challenges for the future, and ways the County could improve the corridor's development potential. Additionally, stakeholder comments made during a Board of Supervisors-sponsored Breakfast Forum, also held in April 2009, supplemented comments received during the interviews. County staff documented the results of these efforts in the *Route 28 Business Outreach Project Results Report*, June 2, 2009. Following the Outreach effort, the County contracted with a private consultant to perform a Route 28 market analysis to assess the corridor's potential for Class A office space under current conditions and recommend a vision for maximizing the economic development potential of the overall corridor. The consultant presented the results of the market analysis in the *Route 28 Corridor Analysis of Development Potential for Class A Office Space*, August 27, 2009. These reports are available at www.loudoun.gov/Route28.



area (consisting of a portion of the Route 28 Tax District), as measured by net absorption of Class A office space, would be an additional 2 million square feet between 2010 and 2040, equal to an average annual net absorption of approximately 67,000 square feet per year¹⁰. The study, however, concluded that the Route 28 corridor has unique advantages and, if planned and designed to reflect changing market conditions, could achieve a greater level of Class A office development than projected¹¹. The changing market conditions include the following: a greater number of office tenants and residents seeking mixed-use settings; increased cargo and passenger activity at Dulles Airport; completion of Metro Silver Line; ongoing development around the metro stations thereafter; and consumption of prime Dulles Toll Road sites. Regarding mixed-use settings, the market study states:

“Office configurations are always evolving. Today, office buildings and settings are in the midst of a significant change that has been taking place for almost a decade. A high quality office building is no longer enough to satisfy the needs of the discerning tenant. Instead, tenants are looking for a high quality building in a premium setting. In general, the most desirable settings are mixed-use environments with residential, retail, restaurants, public spaces, hotel and cultural uses. These involve multi-story buildings that are set close to each other with street-level retail and restaurants and organized around a central feature or gathering place such as a fountain or shaded plaza. This vision can be carried out at various scales. In some cases, office buildings can be integrated into a mixed-use setting like the one described above but in other cases office buildings can be clustered together and placed in close proximity to other uses”.

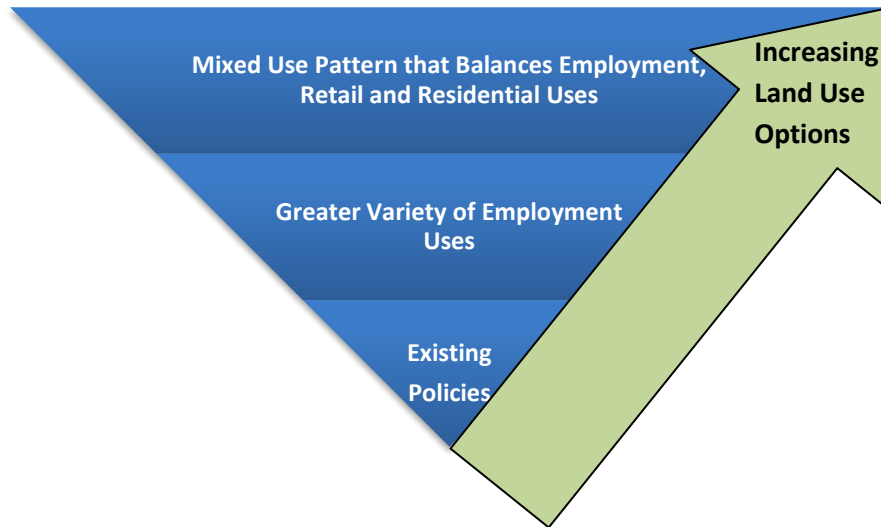
Analysis of Possible Land Use Concepts

In this discussion paper, three possible land use concepts are discussed to help determine which set of policies will maximize the commercial development potential of sites, lead to higher value and more intense uses, and generate the greatest economic benefit in the corridor. The three concepts provide a continuum of increasing land development options, as illustrated in the figure below, and include: *Existing Policies Retained in the Route 28 Corridor* (Concept 1), *Route 28 Includes a Greater Variety of Employment Uses (No Residential)* (Concept 2), and *Route 28 Corridor Policies Emphasize a Mixed Use Pattern that Balances Employment, Retail and Residential Uses* (Concept 3). These concepts are not mutually exclusive and are intended to build upon each other. For discussion purposes, local examples of alternative settings that could be considered for the corridor under each concept are provided in Attachment 1.

¹⁰ Fulton Research, Inc. *Route 28 Corridor Analysis of Development Potential for Class A Office Space*. August 27, 2009. Page 35. The consultant’s projections were based on the COG Round 7.2 employment forecast and used the following methodology: Class A-office jobs were isolated from total office jobs in the forecasts; these numbers were adjusted up or down to account for changes in office dynamics, growth at Dulles Airport, and completion and build out of the Metro Silver Line; and then the number of projected office-using jobs were multiplied by a typical employee-per-square-foot figure to determine the net absorption of office space.

¹¹ Fulton Research, Inc. *Route 28 Corridor Analysis of Development Potential for Class A Office Space*. August 27, 2009. Pages 1 and 50.





Concept 1: Existing Policies Retained in the Route 28 Corridor

Under this concept, the existing Keynote Employment¹² and Destination Retail¹³ policies of the Revised General Plan would continue to establish the County's vision for development along the Route 28 Corridor. The current Keynote Employment vision, which supports the development of large-scale corporate headquarters, premiere office developments, research-and-development centers, and secure campuses at overall FARs of between 0.4 to 1.0, is a critical component of the County's current economic development strategy. If achievable, significant large-scale office development could result along the corridor consistent with this vision, as has been the case for many properties located along the southern stretch of Route 28 in Fairfax County.

The *Route 28 Tax District Existing Conditions Report (November 26, 2008, pp. 30 - 32)* found that properties along the Route 28 Corridor within Fairfax County have been developed at higher intensities and with more office uses in comparison to Loudoun County. Densities within Fairfax County's Dulles Suburban Center are approximately 0.5 FAR and are typically seen for large parcels with a multi-building development pattern. Buildings typically feature 5 to 6 stories, with a maximum of about 10 stories. Mixed-use densities have generally been approved for approximately 1.0 FAR. There are several reasons

¹² Keynote Employment Centers are 100-percent office or research-and-development centers that generate high-traffic volumes and are supported by ancillary retail and personal services for employees. They have high visibility along major corridors, their structures accented with heavily landscaped greens and tree-line boulevards, and reflect the County's growing prominence as a global crossroads for business. Residential development is not permitted in these areas.

¹³ The Route 28 corridor also contains three Destination Retail Overlays which provide an additional development option for properties located within these areas. Destination retail is comprised of large scale retail uses that demand a regional market, and rely heavily on automobile access. They are intended to be located outside of residential areas along planned and future principal arterial corridors where the County's transportation network can accommodate auto intense retail uses.

for this difference: (1) Fairfax County is a more mature market compared to Loudoun County; (2) Prior to the creation of the Route 28 Tax District, several properties in Fairfax requested and received approval for rezoning to industrial and office uses, anticipating the impact of planned roadway construction within the Route 28 Corridor; (3) Much of that original zoning in Fairfax allows a 1.0 FAR by-right; and (4) the Fairfax County Comprehensive Plan provides development options where the overall intensity may vary as long as identified performance criteria for traffic impacts, compatibility, and site-specific conditions are met. For example, intensity could be increased to 1.5 FAR if rail becomes available in certain areas. In comparison, Loudoun County's Comprehensive Plan does not provide options to increase intensity above 1.0 FAR in the Route 28 Tax District except in the designated Urban Center.

In contrast, the Route 28 Corridor within Loudoun County has not been developed to date with the types of uses that are consistent with the Keynote Employment land use designation. Unless the office market in the County significantly changes or the County intervenes with significant incentives to achieve this vision, the existing development pattern seen in the corridor today will likely continue. The *Route 28 Market Study* (2009) found that the Keynote Employment designation represents a major advantage Loudoun County has over areas competing for Class A office development, namely that large tracts of land have been set aside for custom campus development that under current zoning can accommodate combined office, research and manufacturing operations such as Orbital Sciences. The Raytheon consolidation at the former AOL campus indicates that there is still demand for second-generation campus space that offers the potential for multiple functions. However, while the single-user, park-like office campus is appropriate for some parts of the corridor, the consultants believed that this vision is, in general, too restrictive because it prohibits the creation of mixed-use settings sought by many of today's Class A office tenants¹⁴. This, in turn, was preventing the corridor from achieving its full commercial development potential.

Pros

- No change required
- Concept avoids the need to develop incentives and programs to encourage a new development pattern. Rezoning would not be required. Changes could continue to be made to the Revised 1993 Zoning Ordinance PD-IP district to improve the development process and the standards of development
- All current land use options remain open. Uses such as data centers and research facilities, while not major employers, have significant fiscal benefits and lower related impacts such as traffic, schools, housing demands, etc.
- Existing zoning allows for corporate campuses requiring integrated facilities in the same location

Cons

- Pattern provides for a lower per square-foot property value and a lower employment figure than a land use pattern that emphasizes Class A office
- Jobs in the industrial and retail mix pattern typically pay less than other jobs associated with corporate office uses

¹⁴ Fulton Research, Inc. *Route 28 Corridor Analysis of Development Potential for Class A Office Space*. August 27, 2009. Page 2.



- Corporate users have many existing Class A building choices in adjacent Fairfax County
- Current development patterns do not provide certainty for businesses; the potential for conflicting land uses might be discouraging desirable development
- Current zoning allows minimum flexibility (setbacks, signage, etc.) hindering the ability to respond quickly to market conditions
- Existing approved land development plans are often specific and require a legislative process in order to revise an approved plan and respond to changing market conditions

Concept 2: Route 28 Includes a Greater Variety of Employment Uses (No Residential)

Under this concept, the land use policies which establish the County's vision for the Route 28 Corridor would be revised to allow for a greater variety of office settings and employment uses than currently contemplated under the existing Keynote Employment planned land use designation and Destination Retail Overlays. A greater mixture of non-residential uses to support the predominant office development could also be considered. No additional residential development would be included outside those areas currently designated in the Revised General Plan.

As noted above under Concept 1, the *Route 28 Market Study* (2009) suggested several alternative employment settings, in addition to those supported by the Keynote Employment Center policies (see Concept 1), which would be appropriate for Route 28 and would stimulate commercial development along the corridor. The non-residential options that were cited provided varying degrees of intensities and mixture of uses, and included multi-user Class A office buildings in a walkable, large-scale, vertically-integrated urban setting that includes retail and hotel uses; single or multi-story office building clusters that include retail and restaurant amenities either integrated within the buildings or located nearby; or a walkable core consisting primarily of one or two-story retail, restaurant, and personal service establishments that is surrounded by stand-alone office buildings¹⁵. Local examples illustrating these settings are provided in Attachment 1.

This concept largely retains and enhances the existing Keynote Employment vision. The fiscal costs associated with residential development along the Route 28 Corridor would continue to be consistent with current plans. It also retains the possibility for Route 28 to achieve a single, urban-style mixed-use center at the designated Urban Center east of the Route 7/Route 28 interchange as well as around the future metrorail stations (generally outside the corridor) that could serve as centers of activity and provide a range of amenities for office users along the corridor.

Pros

- Provides additional flexibility in developing Class A office and employment uses that are more aligned with current and future market conditions and can enhance the corridor's ability to adapt to market trends
- Might result in higher density office development and increase the corridor's competitive advantage
- Might stimulate commercial development of the corridor and provide a marketing brand that

¹⁵ Ibid. Page 38.



could encourage development throughout the County

- Synergies between uses can be created with a greater variety of commercial uses (i.e., office uses create customers for retail and hotel uses; retail and hotel uses serve as amenities for office uses)

Cons

- Increasing retail uses in the corridor has the potential to saturate the market and lead to higher retail space vacancies elsewhere
- Would require legislative applications, which may in turn discourage development of the corridor due to fear of rezoning (time, money, increased proffers, unpredictable process); may lead to continued underdevelopment because it is cheaper and more certain to go by-right
- Types of office buildings and settings considered under this concept may be similar to those found in competing submarkets

Concept 3: Route 28 Corridor policies emphasize a mixed use pattern that balances employment, retail and residential uses

Under this concept, the land use policies guiding the development of the Route 28 Corridor would be revised to emphasize a greater, but balanced, mixture of non-residential and residential land uses in comparison to current policies. A greater diversity of mixed-use office settings, both with and without residential uses, would be considered.

The *Route 28 Market Study* (2009) found that many Class A office tenants prefer mixed-use environments that provide a variety of residential, retail, restaurant, hotel and cultural uses along with public spaces and recreational amenities. Although multi-story buildings with street-level retail and restaurants, organized around a central feature or gathering place, was specifically cited as one of the most desirable settings, the consultants emphasized that this vision could be carried out at various scales with differing mixtures of uses¹⁶. Providing a variety of office settings was key to stimulating more intense and higher value development along the corridor¹⁷. The consultants suggested several different types of mixed-use residential and non-residential developments that could be appropriate along the corridor in addition to the non-residential employment settings described in Concepts 1 and 2. They included: (1) Class A office buildings in a walkable large-scale, mixed-use setting including retail, residential, hotel uses, etc. (similar to a town or lifestyle center); and (2) buildings around one of the County's metro stations¹⁸. Local examples illustrating the full range of potential settings that could be considered for the Route 28 Corridor are provided in Attachment 1.

Mixed-use settings can maximize the commercial development potential of sites if the individual uses are compatible and complementary. The synergy and appeal of a quality mixed-use development can increase office and retail prices, rents, occupancy rates, and assessed values (leading to greater tax revenues for the County) as well as accelerate absorption rates. Each use can generate revenue and be

¹⁶ Fulton Research, Inc. *Route 28 Corridor Analysis of Development Potential for Class A Office Space*. August 27, 2009. Page 18.

¹⁷ Ibid. Page 50.

¹⁸ Ibid. Page 38.



an amenity for the other uses on the site, for example residents and employees working in the development can shop at the same retail stores (based on an employee spending model developed by the International Council of Shopping Centers (ICSC), the average office worker spends about \$1,446 per year, or about \$5.78 per day assuming a 250-day work year, on food during the business day and about \$1,155 per year on general merchandise retail goods¹⁹); office users benefit from the proximity of restaurants, hotels and other retail uses to attract tenants; hotels benefit from visitors to the office space; and employees of the office and retail uses can live in the residential units. Retail tenants may be willing to pay higher rents because of the increased customer traffic generated by the compatible and complementary uses. Office users, residents and hotel guests, in turn, may be attracted to the area by the convenient location of dining, retail and entertainment venues on the site as well as by its vibrant sense of place.

Mixed-use settings appear to be growing in popularity in the Washington, DC region. In 2008, mixed-use developments (defined as any project that combines the use of properties in a large-scale development and includes any combination of office, retail, hotel, or residential space) accounted for 20% of the region's new commercial construction space, the third largest share of commercial construction after office and other. This represents a one-year increase of 1,012% from 2007. In comparison, in 2001, mixed-use projects accounted for less than 5% of new commercial construction space (see Table 1). Office development in both 2001 and 2008 dominated the share of the region's new commercial construction, suggesting that both office and mixed-use projects are in high demand in the region²⁰.

Table 1. Commercial Construction Starts, 2008 and 2001, by Structure Type

	2008			2001		
	Projects	Square Feet	Value	Projects	Square Feet	Value
Retail	75	2,690,846	\$361,663,175	112	2,959,770	\$256,919,866
Office	104	11,130,719	\$2,352,112,441	141	14,484,658	\$1,153,563,083
Educational & Medical	64	5,822,303	\$1,569,130,758	110	4,658,865	\$695,011,990
R&D	2	87,000	\$51,999,999	4	144,562	\$12,813,100
Mixed-use	26	7,365,703	\$694,789,571	11	1,476,863	\$156,424,899
Hotel/Motel	22	2,384,854	\$238,601,273	8	561,072	\$34,649,999
Other	109	7,812,977	\$1,081,370,750	215	7,905,512	\$542,826,112
Total	402	37,294,402	\$6,349,667,967	601	32,191,302	\$2,852,209,049

SOURCE: Metropolitan Washington Council of Governments. Commercial Construction Indicators, 2008 and 2001. See Footnote 21 for notes.²¹

¹⁹ (ICSC Research Quarterly, Volume 2, Number 4, Winter 1995).

²⁰ Metropolitan Washington Council of Governments. *Commercial Construction Indicators*, 2008. Available at http://www.mwcog.org/store/item.asp?PUBLICATION_ID=359. *Commercial Construction Indicators*, 2002. Available at <http://www.mwcog.org/uploads/pub-documents/z1ZbXA20090713145717.pdf>.

²¹ STRUCTURE TYPE: *Retail*: Any building to be used exclusively for retail commercial purposes, including shopping centers, shopping malls, restaurants, and theaters; *Educational/Medical*: Any facility to be used for educational or medical services such as a school, research building of a college or university, medical office, hospital, or clinic; *Office*: Any building that will provide office space or serve an administrative function for public or local government use. This category often includes buildings that contain small amounts of street access retail without mixed-use or special zoning; *Mixed Use*: Any project that combines the use of properties in a large-scale development. These projects are either in parcels zoned for mixed use or have received a special exception to existing zoning. A mixed-use project would be any combination of office, retail, hotel, or residential space;

In certain types of mixed-use developments, the emphasis is more as a lifestyle or entertainment center. These centers, which rely on higher-end and more specialized retail uses to create street-level activity, are largely driven by the amount of population and employment uses in a specific catchment area. Consequently, there will be a limit to the number of these developments (town centers, lifestyle centers, etc.) that can be achieved on the corridor. Introducing land development patterns along Route 28 that are similar to areas in the County where high-intensity office and/or mixed-use developments are already envisioned and/or approved could negatively impact these other areas (One Loudoun, Moorefield Station, Loudoun Station, designated Urban Center, etc.). For example, according to the Route 7 Retail Market Analysis conducted by the County in 2006, the trade area for a lifestyle center is typically eight to twelve miles (a 15-20 minute driving distance). In comparison, the Route 28 Corridor from Route 7 to the Fairfax County line spans approximately 6 miles. Furthermore, it is also not clear if the vertical integration of residential and non-residential use (such as residential buildings with street-level retail) is feasible under the current buyout formula of the Route 28 Tax District.

Residential uses could be considered throughout the entire length of the corridor under specific criteria or in certain nodes (such as the northern and southern gateways, as suggested in the 2009 *Route 28 Market Study*) where centers of activity are desired. Additional residential development could remove land along the Route 28 Corridor which would be otherwise developed with commercial uses. However, if this concept leads to greater overall commercial development than would otherwise be achieved in comparison to the other two land use concepts, as suggested in the market study, these potentially negative impacts could be mitigated. Where residential uses are contemplated, they should maximize the non-residential development potential of sites, promote employment uses in the vicinity in order to preserve the tax base for the Route 28 Tax District, and mitigate the fiscal costs (provision of public facilities) associated with residential development. If this concept is chosen, the policies governing residential development in the Route 28 Tax District would also need to be modified.

Pros

- Could provide a land use vision that is more aligned with current and future market trends
- Might result in higher density commercial development and increase the corridor's competitive advantage
- Might stimulate commercial development of the corridor by providing the broadest range of uses
- Synergies between residential and non-residential uses can be created
- Provide for a pleasing live-work-play environment

Research and Development: Separate facilities for research and development purposes distinguished from warehouse, manufacturing, distribution, or medical services facilities; *Hotel/Motel:* Any hotel or motel facility. Does not include tourist homes or other residential buildings; *Other:* Flex buildings, parking garages warehouses, recreational buildings (both private and school-related), gas stations, churches, funeral homes, childcare centers, and other miscellaneous non-residential buildings. This category also includes non-office institutional buildings such as libraries and courts. **SQUARE FEET:** The total gross square footage of a building. In some projects, this figure may include parking. This figure does not include lot acreage. **CONSTRUCTION COST:** The total *estimated* cost for construction to complete the building. This figure does not include "soft" costs for site location, engineering, architectural services, or site acquisition.



- Might create additional centers of activity in certain areas of the corridor, which in turn could stimulate the development of higher density office uses along Route 28

Cons

- Introducing land development patterns along Route 28 that are more similar to areas in the County where high-intensity office and/or mixed-use developments are already envisioned could negatively impact these other areas (One Loudoun, Moorefield Station, Loudoun Station, designated Urban Center, etc.)
- Increasing retail uses in the corridor has the potential to saturate the market and lead to higher retail space vacancies elsewhere
- Would require legislative applications, which may in turn discourage development of the corridor due to fear of rezoning (time, money, increased proffers and unpredictable process); may lead to continued underdevelopment because it is cheaper and more certain to go by-right
- Residential uses might potentially conflict with certain types of business activities such as noise and security issues
- Fails to provide the 24-hour dynamics that true mixed-use development containing both residential and non-residential uses would offer
- Would remove potential developable land for office development



ATTACHMENT 1

The following local examples illustrate the continuum of different office settings that could be considered for the Route 28 Corridor. They are intended to be used for discussion purposes only and not to be an all-encompassing analysis of all types of office and mixed-use developments that would be appropriate along the corridor.

Concept 1: Existing Policies Retained in the Route 28 Corridor

The Keynote Employment vision promotes the development of large-scale corporate headquarters, premiere office developments, research-and-development centers, and secure campuses, such as the AOL Corporate Campus, Orbital Sciences Campus, and the Harris Building at Dulles Town Center.

**AOL Corporate Campus:**

Loudoun County Virginia, Developed by America Online, Inc., 43 acres, Keynote Employment, Corporate campus style Class A office, limited to .4 FAR of commercial office. Courtesy of Loudoun County Planning Department.

**Orbital Sciences Campus:**

Loudoun County, Virginia, Developed by Orbital Sciences, 28 acres, Keynote Employment, Corporate campus style Class A office with associated manufacturing approximately 136,300 square feet. Courtesy of <http://www.orbital.com> and Tracy A. Woodward/the Washington Post.

Concept 2: Route 28 Includes a Greater Variety of Employment Uses

Under this concept, the Keynote Employment vision would be expanded to include a greater variety of employment uses, such as multi-user Class A office buildings in a walkable, large-scale, vertically-integrated urban setting that includes retail and hotel uses; single or multi-story office building clusters that include retail and restaurant amenities either integrated within the buildings or located nearby; or a walkable core consisting primarily of one or two-story retail, restaurant, and personal service establishments that is surrounded by stand-alone office buildings. The examples under Concept 3, minus the residential component, could also be applicable to this vision.



Harris Building, Dulles Town Center:

Loudoun County, Virginia: Developed by Lerner Enterprises, 554 acres, planned for a 1.4 million square foot regional mall, 4.5 million square foot office space (Photo of 185,000 square foot Class A office), and 1100 residential. Courtesy of <http://dullesstowncenter.com/>.



Lakeside at Loudoun Tech:

Loudoun County, Virginia: This development along Route 7 is comprised of three buildings that are organized around a water feature. The setting works for a variety of reasons, including good visibility from roads, good auto circulation and easy access to parking, proximity to high quality amenities such as restaurants, retail, and recreational space, and good pedestrian connectivity. Aerial map courtesy of Bing Maps.



Concept 3: Route 28 Corridor Policies Emphasize a Mixed Use Pattern that Balances Employment, Retail and Residential Uses

Under this concept, the greatest variety of mixed-use projects could be considered. For example, two or more high-rise structures on a single site with each structure holding a different use (such as office, residential, or hotel) with some ground-level retail; Class A office buildings in a walkable, large-scale, vertically-integrated urban setting that may include retail, residential, and hotel uses, similar to a town center (such as Reston Town Center); single or multi-story office building clusters that include retail and restaurant amenities either integrated within the buildings or located nearby, with or without stand-alone residential buildings (such as Shirlington or Dulles Station); or mixed-use projects that include a walkable core consisting primarily of one or two-story retail, restaurant, and personal service establishments that is surrounded by stand-alone office and/or residential buildings, similar to a lifestyle center (such as Fairfax Corner).

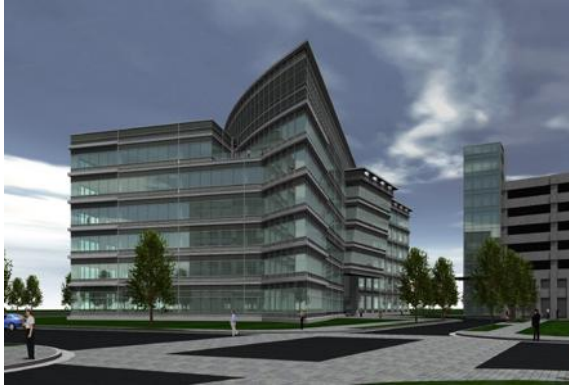
**Fairfax Corner:**

Fairfax County, Virginia: Developed by Peterson Companies, 1,151,000 square foot "Main Street" mixed use development, including 105,000 square foot movie theatre, 325,000 square foot retail, 450,000 square foot office, 210,000 square foot residential, and 90,000 street foot hotel, Courtesy of <http://www.petersoncos.com/> and <http://www.fairfaxcorner.com/>.

**Lansdowne Town Center:**

Loudoun County, Virginia, Developed by Saul Centers, 24 acres, mixed-use shopping center consisting of 150,000 square feet of retail and 40,000 square feet of office in the central core of the Town Center. Included are 598 residential units, including single-family attached and multi-family. Courtesy of <http://bowmanconsulting.com/> and <http://www.saulcenters.com/>





Dulles Station:

Fairfax County, Virginia, Developed by Crimson Partners, 63-acre "new urban" community adjacent to a future Silver Line Metro stop. Planned for over 1,000 luxury residences, 1.5 million square feet of Class A office space, and ground floor retail. Courtesy of <http://www.dullesstation.com> and <http://www.crimsonpartners.net/>.



Reston Town Center:

Fairfax County, Virginia, Developed by Beacon Capital Properties, 85 acres, mixed use urban center, approximately 386,000 SF of retail, 4.4 million SF of office and 650 residential units. Courtesy of <http://www.restontowncenter.com/>



Villages of Leesburg:

Town of Leesburg, Virginia, Developed by Cypress Equities, Kettler, and the Carlyle Group. 150 acres, vertically-integrated, four-story village which will feature approximately 470,000 square feet of retail space, combined with 200,000 square feet of office product and 335 ultra luxury multi-family residences. Courtesy of <http://www.villageatleesburg.com/>.

